

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

IN RE:

CITATION CORPORATION, et al.,¹

Debtors.

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**Case No. 04-08130-TOM-11
(Jointly Administered)**

**ORDER PURSUANT TO 11 U.S.C. §§ 105(A) AND 363(B) AND (C) AUTHORIZING
DEBTORS TO CONTINUE THE DEBTORS' WORKERS' COMPENSATION
PROGRAMS, ALL OTHER INSURANCE POLICIES, ALL AGREEMENTS RELATING
THERE TO, AND PAY ALL OBLIGATIONS IN RESPECT THEREOF**

This matter came to be heard upon the motion (the "Motion") of Citation Corporation ("Citation"), its holding company, and certain of its direct and indirect subsidiaries (the "Subsidiaries"), as debtors and debtors in possession (collectively, the "Debtors"), pursuant to §§ 105(a) and 363(b) and (c) of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code") for authorization to: (a) continue to pay all prepetition amounts, if any, related to the Insurance Programs (unless otherwise defined, capitalized terms shall be used herein as they are defined in the Motion) and Workers' Compensation Claims, including, among other things: premiums, deductibles, and other amounts due, including retroactive adjustments;

¹ In addition to the Citation Corporation, the Debtors include the following entities: (i) Citation Holding Company, (ii) Berlin Foundry Corporation, (iii) Bohn Aluminum, Inc., (iv) Castwell Products, Inc., (v) Citation Precision, Inc., (vi) HI-TECH, Inc., (vii) Iroquois Foundry Corporation, (viii) ISW Texas Corporation, (ix) Mansfield Foundry Corporation, (x) OBI Liquidating Corp., (xi) Texas Steel Corporation, (xii) TSC Texas Corporation, (xiii) Citation Aluminum, LLC, (xiv) Citation Castings, LLC, (xv) Citation Grand Rapids, LLC, (xvi) Citation Lake Zurich, LLC, (xvii) Citation Michigan, LLC, (xviii) Citation Wisconsin Forging, LLC, (xix) Citation Wisconsin, LLC, (xx) ITM Holding Co., LLC, (xxi) Interstate Southwest, Ltd., (xxii) Texas Foundries Ltd., and (xxiii) MFC Liquidating Company, Ltd.

provided that such payments shall not exceed \$4,000,000 in the aggregate; (b) to maintain and continue on an uninterrupted basis prepetition practices with respect to such Insurance Programs and Workers' Compensation Claims, including, among other things, allowing claimants to proceed directly against the Insurance Carriers to the extent that such claimants have valid Workers' Compensation Claims; (c) maintain and continue to make post-petition payments with respect to the Insurance Programs, including, among other things, premiums, deductibles, and other amounts due, on an uninterrupted basis; and (d) continue to maintain the Workers' Compensation Security, the Loss Fund Deposits, and any other security maintained in respect of the Insurance Programs.

Upon consideration of the Affidavit of Charles P. Bloome in Support Chapter 11 Petitions and First Day Order; the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; due notice of the Motion having been provided to the (1) the Office of the Bankruptcy Administrator for the United States Bankruptcy Court for the Northern District of Alabama, Southern Division; (2) counsel to JPMorgan Chase Bank as Administrative Agent for the Debtors' prepetition lenders; (3) counsel to JPMorgan Chase Bank as Administrative Agent for the Debtors' proposed postpetition lenders; (4) the Debtors' twenty (20) largest unsecured creditors (on a consolidated basis); and (5) the District Director of the Internal Revenue Service for the Northern District of Alabama and it appearing that no other or further notice need be provided; the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors, and all parties in interest; upon the Motion and all of the proceedings before the Court; and after due deliberation and sufficient cause appearing therefore, it is hereby **ORDERED, ADJUDGED, and DECREED:**

1. That the Debtors may, on account of those matters described in the Motion and in the manner described in the Motion, without prejudice to the Debtors' right to seek additional or further relief in the future, in the ordinary course of business: (a) continue to pay all prepetition amounts, if any, related to the Insurance Programs, including, among other things: premiums, deductibles, and other amounts due, including retroactive adjustments; provided that such payments shall not exceed \$4,000,000 in the aggregate; (b) maintain and continue on an uninterrupted basis prepetition practices with respect to such Insurance Programs, including, among other things, allowing claimants to proceed directly against the Insurance Carriers to the extent that such claimants have valid Workers' Compensation Claims; (c) maintain and continue to make post-petition payments with respect to the Insurance Programs, including, among other things, premiums, deductibles, and other amounts due, on an uninterrupted basis; and (d) continue to maintain the Workers' Compensation Security, the Loss Fund Deposits, and any other Insurance Security; and further

2. That the Debtors are authorized to maintain and continue on an uninterrupted basis any and all prepetition practices and payments on a postpetition basis with respect to the Insurance Programs, including without limitation, renewal and/or continuation, if Debtors so elect in the exercise of their business judgment, of any of the Insurance Programs that may expire postpetition; and further

3. The Debtors are authorized to issue new postpetition checks, or effect new fund transfers, on account of the Prepetition Insurance Program Obligations to replace any prepetition checks or fund transfer requests that may be dishonored or rejected; and further

4. That the Debtors' banks and financial institutions that process, honor and pay any and all checks, or fund transfers, on account of obligations to be paid pursuant to this Order are authorized to do so and may rely on the representations of the Debtors as to which checks are issued and authorized to be paid in accordance with this Order without any duty of further inquiry and without liability for following the Debtors' instructions; and further

5. That to the extent that the Insurance Programs, or any related contract or agreement, are deemed executory contracts, the relief granted hereby shall not be deemed an assumption of any such contract pursuant to Bankruptcy Code § 365; and further

6. That nothing in this Order or the Motion is intended or shall be construed to constitute relief from the automatic stay pursuant to Bankruptcy Code § 362.

Dated: September 20, 2004

Birmingham, Alabama

/s/ Tamara O. Mitchell
UNITED STATES BANKRUPTCY JUDGE